

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Financial Statements

31 March 2024

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Financial Statements
31 March 2024

<u>CONTENTS</u>	<u>PAGES</u>
Managing Director's Report	1 – 2
Independent Auditor's Report	3 – 5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 25

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Managing Director's Report

The Managing Director submits his report, together with the audited financial statements of **ZUARI INFRAWORLD S J M PROPERTIES L.L.C** (the "company"), for the year ended 31 March 2024.

Results and appropriations

The results of the company and the appropriations made for the year ended 31 March 2024 are set out on pages 7 and 8 of the financial statements.

In my opinion, the financial statements set out on pages 6 to 25 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2024 and the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the U.A.E. Federal Law No. 32 of 2021.

At the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Review of the business

The company carried out following activities during the year for the project being developed:

- During the previous year end the company successfully launched its project "Exquisite Living Residences".
- The project "Exquisite Living Residences" was awarded as the best residential interior show home in Dubai by Arabian Property Awards.
- The company has managed to sell 222 out of 232 residential units (96%) since the launch of the project and have collected AED 412 million in the ESCROW account towards the project.
- The company has successfully completed the Oqood registration of 192 units out of 222 units sold and the remaining units' registration is under process.
- The construction activities commenced on 17 May 2023 and the completion percentage certified by RERA as on end of March 2024 was 25 %. The project is expected to be completed in the IV quarter of 2025-26
- During the financial year the company has pre-settled the Foreign Currency Term Loan of USD 27.5 Million availed from Yes Bank Ltd.
- The company has secured a Term loan of AED 50 million from Emirates NBD to repay their existing debts and to meet project expenses.
- The company has managed to avail services from marketing partner for collecting sales proceeds and other related charges from the customers on behalf of a subsidiary of JV company.
- The company has obtained financial support from all the related parties till the completion of the project and delayed payment facility from the creditors.
- The management, with current market situation, has prepared revised financial forecast including land cost "Exquisite Living Residences" which shows positive and profitable operating and financial performance under the circumstances.
- Key executive management is in place with the company and its parent entities.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Managing Director's Report (cont'd)****Events since the end of the year**

There were no important events which have occurred since the year-end that materially affect the company.

Partner and its interest

During the year, Zuari Infra Middle East Limited has acquired 153 shares (51%) from Dubai Holdings LLC.

The partner at 31 March 2024 and its interests as at that date in the share capital of the company was as under:

	<i>No. of shares</i>	<i>AED</i>
Zuari Infra Middle East Limited	<u>300</u>	<u>300,000</u>

The partner, in their annual general assembly, have resolved not to dissolve the company as required by U.A.E. Federal Law No. 32 of 2021.

Independent auditor

A resolution to re-appoint the auditor and fix the remuneration will be put to the board at the annual general meeting.

Vinay Varma
MANAGING DIRECTOR



INDEPENDENT AUDITOR'S REPORT TO THE PARTNER OF ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Report on the Audit of the Financial Statements

Opinion

We have audited the standalone financial statements of **ZUARI INFRAWORLD S J M PROPERTIES L.L.C** (the “company”), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the association in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the applicable provisions of the U.A.E. Federal Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNER OF
ZUARI INFRAWORLD S J M PROPERTIES L.L.C**

Auditor's Responsibilities for the Audit of the Financial Statement (cont'd)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the U.A.E. Federal Law No. 32 of 2021, we report that for the year ended 31 March 2024:

- 1) We have obtained all the information we considered necessary for the purpose of our audit;
- 2) The financial statements have been prepared and comply, in all material respects, with applicable provisions of the U.A.E. Federal Law No. 32 of 2021;
- 3) The company has maintained proper books of accounts;
- 4) The financial information included in the Managing Director's report is consistent with the books of accounts of the company;

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNER OF
ZUARI INFRAWORLD S J M PROPERTIES L.L.C**

Report on Other Legal and Regulatory Requirements (cont'd)

- 5) The company has not purchased or invested in any shares during the financial year ended 31 March 2024;
- 6) Note 26 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- 7) Based on the information that has been made available to us, except for the fact of non-compliance of Article 308 of U.A.E. Federal Law No. 32 of 2021 in respect of its accumulated losses position, nothing has come to our attention which causes us to believe that the company has contravened during the year ended 31 March 2024 any of the applicable provisions of the U.A.E. Federal Law No. 32 of 2021 or in respect of the company, its Articles of Association which would materially affect its activities or its financial position as at 31 March 2024.



Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

7 May 2024

Dubai, United Arab Emirates



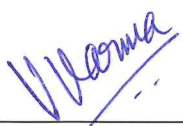
ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Financial Position
as at 31 March 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
ASSETS			
Escrow & restricted accounts	5	286,549,967	113,155,968
Cash and cash equivalents	6	4,675,553	675,954
Account receivable	7	2,612,097	-
Advances & other receivables	8	313,774	1,238,088
Prepayments		13,352	42,989
Property, plant and equipment	9	478,320	576,036
Advance against project development	10	-	21,450,000
Investment in joint venture	11	305,193,997	-
Development work in progress	12	-	225,399,764
Total assets		<u>599,837,060</u>	<u>362,538,799</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable		-	3,364,056
Contract liabilities	13	291,409,103	113,170,206
Other payables & accruals	14	25,325,021	17,923,589
Unsecured loans	15	33,760,312	35,275,312
Term loan	16	-	98,831,552
Vehicle loan	17	181,932	275,722
Due to related parties	18	295,157,977	99,776,052
Staff end of service gratuity	19	391,438	324,916
Total liabilities		<u>646,225,783</u>	<u>368,941,405</u>
Equity			
Partner funds			
Share capital	20	300,000	300,000
Accumulated losses		<u>(46,688,723)</u>	<u>(6,702,606)</u>
Equity deficit		<u>(46,388,723)</u>	<u>(6,402,606)</u>
Total liabilities and equity		<u>599,837,060</u>	<u>362,538,799</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

For and on behalf of the board of directors:



Vinay Varma
MANAGING DIRECTOR



ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2024

	<i>Notes</i>	<i>2024 AED</i>	<i>2023 AED</i>
Revenue from contract with customer	21	<u>5,241,935</u>	<u>-</u>
Credit balance written back		15,000	-
Expenditure			
Facility management and development advisory fee	22	(8,000,000)	-
Managerial remuneration and expenses	26	(715,500)	(27,224)
Staff salaries and benefits	23	(1,279,954)	(70,414)
Other administrative expenses		(562,540)	(356,975)
Rent	24	(46,000)	-
Loss on sale of property, plant and equipment		-	(21,639)
Impairment of advances		-	(250,000)
Depreciation		(97,716)	(114,344)
Finance costs	25	(34,488,400)	(20,787)
Loss from operations		(39,933,175)	(861,383)
Share of loss from a joint venture entity	11	<u>(52,942)</u>	<u>-</u>
Loss for the year		(39,986,117)	(861,383)
Other comprehensive income / (loss)		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(39,986,117)</u>	<u>(861,383)</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Changes in Equity
for the year ended 31 March 2024

	<i>Share capital AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
As at 31 March 2022	300,000	(5,841,223)	(5,541,223)
Loss for the year	-	(861,383)	(861,383)
As at 31 March 2023	300,000	(6,702,606)	(6,402,606)
Loss for the year	-	(39,986,117)	(39,986,117)
As at 31 March 2024	<u>300,000</u>	<u>(46,688,723)</u>	<u>(46,388,723)</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Cash Flows
for the year ended 31 March 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
<u>Cash flows from operating activities</u>			
Loss for the year		(39,986,117)	(861,383)
Adjustments for:			
Depreciation	9	97,716	114,344
Loss on sale of property, plant and equipment		-	21,639
Provision for staff end gratuity	19	66,522	61,469
Credit balance written back		(15,000)	-
Finance costs	25	<u>34,488,400</u>	<u>15,280,100</u>
Operating (loss)/profit before working capital changes		(5,348,479)	14,616,169
(Increase)/ decrease in development work in progress	12	-	(29,600,539)
(Increase)/ decrease in accounts receivable, advances, other receivables and prepayments		(1,658,146)	(270,009)
Increase)/ decrease in funds in escrow and restricted current accounts		(173,393,999)	(113,155,968)
Increase in contract liabilities		178,238,897	113,170,206
Increase/ (decrease) in accounts and other payables		<u>4,531,335</u>	<u>3,098,665</u>
Cash generated from / (used in) operations		2,369,608	(12,141,476)
Staff end of service gratuity paid	19	-	(18,760)
Net cash from / (used in) operating activities		<u>2,369,608</u>	<u>(12,160,236)</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment	9	-	(562,066)
Payment of funds towards investment in joint venture		(58,344,233)	-
Sale of property, plant and equipment		-	<u>100,476</u>
Net cash from / (used in) investing activities		<u>(58,344,233)</u>	<u>(461,590)</u>
<u>Cash flows from financing activities</u>			
Proceeds from/(payment of) funds received from parent company (net)		164,803,989	22,734,908
Proceeds from/(payment of) funds received from subsidiary of ultimate parent company		(2,669)	(593,656)
Payment of funds against project development		-	(450,000)
Payment of vehicle and term loan		(98,925,342)	275,722
Proceeds from/(payment of) unsecured loans (net)	15	(1,500,000)	500,000
Finance costs paid		<u>(4,401,754)</u>	<u>(9,253,310)</u>
Net cash from / (used in) financing activities		<u>59,974,224</u>	<u>13,213,664</u>
Net increase/ (decrease) in cash and cash equivalents		3,999,599	591,838
Cash and cash equivalents at the beginning of the year		<u>675,954</u>	<u>84,116</u>
Cash and cash equivalents at the end of the year	6	<u><u>4,675,553</u></u>	<u><u>675,954</u></u>

The notes on pages 10 to 25 form an integral part of these financial statements.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements**
*for the year ended 31 March 2024***1. Legal status and activity**

ZUARI INFRAWORLD S J M PROPERTIES L.L.C (the “company”) is a limited liability company incorporated in the Emirate of Dubai in accordance with the provisions of Article 218 of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended. The U.A.E. Federal Decree Law No. 32 of 2021 (“Companies Law”) was issued and came into effect on 2 January 2022 which repealed the U.A.E. Federal Law No. 2 of 2015, as amended. The registered address of the company is P.O. Box 117809, Dubai, U.A.E. The company is operating under commercial license no. 690820 with real estate development as its license activity.

The above activity is carried out in the Joint Venture with Burj District Development Ltd which has 100% wholly owned subsidiary owning a plot of land on which “Exquisite Living Residences” project is being developed. In terms of an agreement dated 12 January 2023 the company is entrusted with the task of project management, supervision and successful development of the said project for an agreed fee.

2. Basis of preparation*Statement of compliance*

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2021.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in U.A.E. Dirhams (AED), being the functional and presentation currency of the company.

Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024**Basis of preparation (cont'd)*****Application of new and revised International Financial Reporting Standards (IFRSs)***

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2023, have been adopted in these financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1 April 2023
Definition of Accounting Estimates – amendments to IAS 8	1 April 2023
International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.	1 April 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12	1 April 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.	1 April 2023

New standards, amendments and interpretations not yet adopted

	Effective for annual periods beginning on or after
Lease liability in a Sale and Leaseback – Amendments to IFRS 16	1 April 2024
Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7	1 April 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 April 2024

The company is currently assessing the impact of these standards and amendments on future financial statements and intends to adopt these, as applicable, when they become effective.

3. Material accounting policy information

The accounting policies, which are consistent with those used in the previous year in dealing with items that are considered material in relation to the financial statements are as follows:

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using straight-line method over their estimated useful lives of 3 to 10 years. The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of recoverable amount. Where carrying amount exceeds the recoverable amount, property, plant and equipment are written down to their recoverable amount.

Development work in progress

Properties in the course of construction for sale in the ordinary course of business are classified as development work in progress and are stated at lower of cost or net realizable value. Cost includes planning and design costs, cost of site preparation, borrowing costs, professional fees for legal

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2024****Material accounting policy information (cont'd)****Development work in progress (cont'd)**

services, managerial and staff costs and other related costs. Net realizable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions.

Investment in Joint venture

Joint venture are those entities over whose activities the company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The investment in joint venture are accounted for using the equity method of accounting. Under the equity method of accounting, investment in joint venture is carried in the statement of financial position at cost, plus post-acquisition changes in the company's share of net assets of the joint venture less any impairment in value, if any. The company determines at each statement of financial position date whether there is any objective evidence that the investment in an joint venture is impaired. If this is the case, the company calculates the amount of impairment as the difference between recoverable amount of the investment and its carrying value and recognize the amount in the statement of profit or loss and other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognized when they are extinguished, cancelled or expired.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The company financial assets comprise financial assets measured at amortized cost comprising accounts receivable, refundable deposits, and cash and cash equivalents.

Accounts receivable

Accounts receivable are stated at original amount less a provision for any uncollectible amounts or loss allowance. Bad debts are written off when there is no possibility of recovery.

Other current financial assets

Other current financial assets represent refundable deposits and escrow account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balance in current accounts that is readily convertible to known amount of cash and which is subject to an insignificant risk of changes in value.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2024****Material accounting policy information (cont'd)****Financial instruments (cont'd)*****Financial liabilities***

The company's financial liabilities comprise due to related parties, unsecured, vehicle and term loan, accounts payable and accruals and other payables.

Accounts and other payables

Liabilities are recognized for amounts to be paid in the future for services received, whether invoiced or not.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Contract liabilities

Contract liabilities are the obligation to transfer goods or services to customers for which the company has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the company transfers goods or services to the customers, contract liabilities are recognized when the payment is made, or the payment is due (whichever is earlier).

Revenue recognition

The company recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

- Step 1: Identify the contract(s) with the customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the company satisfies a performance obligation

The company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the company's performance as and when the company performs; or
- The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which performance obligation is satisfied.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements**
*for the year ended 31 March 2024***Revenue recognition (cont'd)***Management fees*

Management fees principally relate to project management services provided in line with the terms of arrangement/ agreement following the accrual basis and is recognized in the period to which the services relate.

Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Federal Taxation Authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the Federal Taxation Authority is included as part of receivables or payables in the statement of financial position.

Corporate Income Tax

On 9 December 2022, the U.A.E. Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, U.A.E. businesses will be subject to a 9% CT rate, however a rate 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by the way of a Cabinet Decision. As the company's accounting year ends on 31 March, accordingly the effective implementation date for the company will start from 1 April 2024 to 31 March 2025, with the first return to be filed on or before 31 December 2025.

The company is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and passage money as a result of services rendered by eligible employees up to the end of the reporting period. Provision is also made for the full amount of end of service gratuity in accordance with the company's policy, which is at least equal to the benefits payable in accordance with U.A.E. Labor Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and passage is classified as a current liability, while the provision relating to end of service gratuity is classified as a non-current liability.

Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2024****Material accounting policy information (cont'd)****Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that are necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling as on date of transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the date of statement of financial position. Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty**4.1 Significant judgment employed**

The significant judgement made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is as under:

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the company estimates the asset's recoverable amount. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of accounts and other receivables

The loss allowance for accounts and other receivables are based on assumptions about risk of default and expected credit loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Any difference between the amounts actually collected in the future period and the amounts expected, will be recognized in the company's statement of profit or loss and other comprehensive income in that period. As at date of statement of financial position, management believes that the recoverability of its accounts and other receivables are certain, accordingly, no provision is created in the accounts.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

4.2 Key sources of estimation uncertainty

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Development work in progress

Development work in progress is stated at lower of cost or net realizable value. Management of the company has assessed the net realizable value of its development work in progress for impairment.

Staff end of service gratuity

The company computes provision for the liability to staff end of service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

5. Escrow & restricted accounts

	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
Escrow trust account @	270,705,167	86,045,492
Escrow retention account @	15,844,800	-
Restricted current account @	-	27,110,476
	<u>286,549,967</u>	<u>113,155,968</u>

@ This represents funds received in these accounts towards sales proceeds and other related fees from the customers for and on behalf of a subsidiary of JV company. (refer note 11, 13 and 26).

6. Cash and cash equivalents

Cash on hand	2,522	2,501
Bank balance in:		
Current accounts	4,673,031	673,453
	<u>4,675,553</u>	<u>675,954</u>

7. Account receivable

This represents amount receivable on account of management fees charged towards property development agreement entered with subsidiary of Joint venture entity, a related party.

The company's average credit period is 0-90 days after which account receivable is considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. As at 31 March 2024 the aging of account receivable is as follows:

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

Account receivable (cont'd)

	Total AED	0-90 Days AED	91-120 Days AED	121-150 Days AED	151-180 Days AED	>180 Days AED
2024	2,612,097	1,500,000	500,000	500,000	112,097	-

	2024 AED	2023 AED
8. Advances & other receivables		
Capital advances	-	6,930
Advance to service providers	69,053	67,220
Refundable deposits	246,486	105,200
Staff advance	11,390	15,000
VAT receivable	5,245	1,043,738
Allowance for impairment	(18,400)	-
	<u>313,774</u>	<u>1,238,088</u>

9. Property, plant and equipment	Office equipment AED	Vehicles AED	Total AED
Cost			
As at 01.04.2023	<u>124,590</u>	<u>730,766</u>	<u>855,356</u>
As at 31.03.2024	<u>124,590</u>	<u>730,766</u>	<u>855,356</u>
Accumulated depreciation			
As at 01.04.2023	114,647	164,673	279,320
Charge for the year	<u>6,120</u>	<u>91,596</u>	<u>97,716</u>
As at 31.03.2024	<u>120,767</u>	<u>256,269</u>	<u>377,036</u>
Net book value			
As at 31.03.2024	<u>3,823</u>	<u>474,497</u>	<u>478,320</u>
As at 31.03.2023	<u>9,943</u>	<u>566,093</u>	<u>576,036</u>

10. Advance against project development

This represents advance amount paid to a related party (Joint Venturer) as per Joint venture agreement for development of "Exquisite Living Residences" project. In terms of an agreement between JV partners, the development activity is carried out on behalf of the wholly owned subsidiary of Burj District Development Ltd which owns a plot of land on which "Exquisite Living Residences" project is being developed. In terms of said agreement, advance has been reclassified under investment in joint venture (refer note 11).

11. Investment in joint venture

	% of beneficial Ownership	2024 AED	2023 AED
Burj District Development Ltd, Cayman Islands. (25000 class B shares of US\$ 1 each)	50%	-	-
		<u>-</u>	<u>-</u>

This represents 50% investment in the issued share capital of Burj District Development Ltd ("JV Company"), Cayman Islands as per JV agreement. The joint venture is formed to carry out any activities which is not prohibited by the Companies Law (2011 revision) of Cayman Islands.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

Investment in joint venture (cont'd)

The JV Company has not opened bank account(s) and hence the share capital amount is not contributed by the company. The JV Company hold 1 share in Burj District One Limited, a wholly owned, which is a Jebel Ali Offshore Company, Dubai, U.A.E. This subsidiary owns a plot of land on which the project “Exquisite Living Residencies” is being managed, supervised and developed by the company. In terms of an agreement between JV partners, the company is committed to contribute AED 165,000,000 towards the seed capital. Out of this amount the company has contributed AED 159,342,159 till 31 March 2024. Balance of AED 5,657,841 will be contributed before the end of the next financial year. Additionally, the company has incurred / capitalised AED 145,904,780 towards the cost of contributing the seed capital.

	2024 <u>AED</u>	2023 <u>AED</u>
Transferred from development work in progress (refer note 12)	225,399,764	-
Transferred from advance against project development (refer note 10)	21,450,000	-
Net addition	58,397,175	-
Share of loss of Joint venture	<u>(52,942)</u>	-
Closing balance	<u>305,193,997</u>	<u>-</u>

The company’s interest in JV company is accounted for using an equity as per management accounts as at 31 March 2024 is as under:

	2024 <u>AED</u>	2023 <u>AED</u>
Joint venture entity’s statement of financial position		
Assets	278,209,081	-
Liabilities	<u>20,000</u>	-
Equity funds	<u>278,189,081</u>	<u>-</u>
Company’s 50% share of net assets	<u>139,094,541</u>	<u>-</u>
Joint venture entity’s results of operations		
Revenue	-	-
Expenses	<u>(105,884)</u>	-
Loss for the year	<u>(105,884)</u>	<u>-</u>
Company’s 50% share of results for the year	<u>(52,942)</u>	<u>-</u>

The management has reviewed the carrying value of its investment in joint venture by assessing the net realizable value of the project which is determined by forecasting sales rates, expected sale prices, estimated profit and estimated costs to complete (including escalations and cost overrun). This review by the management shows recovery of investment including accumulated losses incurred by the company and consequently no adjustments/ impairment to the carrying value of investment in joint venture was considered necessary.

12. Development work in progress

In terms of an agreement dated 12 January 2023 the company is entrusted with the task of project management, supervision and successful development of the said project for an agreed fee. The development activity is carried out on behalf of the wholly owned subsidiary of Burj District Development Ltd which owns a plot of land on which “Exquisite Living Residences” project is being developed. Accordingly, development work in progress has been reclassified under investment in joint venture (refer note 11).

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

13. Contract liabilities

This represents funds received in Escrow and current account in the name of the company towards sales proceeds from the customers on account of sales of residential units by appointed marketing partner. The funds are received for and on behalf of a subsidiary of JV company.

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
14. Other payables & accruals		
Interest payable on unsecured loans @	6,016,225	4,612,718
Directors' remuneration payable	1,200,000	-
Salaries payable #	141,225	-
Facility and advisory fees payable (refer note 26)	8,000,000	-
VAT payable	114,046	-
Interest on term loan from Yes bank Ltd	-	3,430,218
Interest on vehicle loan	1,135	1,721
Retentions payable	-	113,200
Management fees payable – step down subsidiary of ultimate parent company	9,740,000	9,740,000
Business facilitation fees payable to a related party	105,000	-
Other accruals	7,390	25,732
	<u>25,325,021</u>	<u>17,923,589</u>

@ Includes AED 1,281,094 (previous year AED 281,428) payable to related parties.

Includes AED 86,300 (previous year AED nil) payable to related parties.

15. Unsecured loans

This represents unsecured and 0 to 12% per annum interest bearing loans availed from related and non-related parties which are repayable within a period of 3 years. The parties have also agreed to extend the financial support to the company by not demanding payment of their outstanding dues till such time as the company's equity is restored.

16. Term loan

This represents term loan availed from Yes Bank Limited, IFSC banking unit, GIFT City, Gujarat, India for project development related expense. During the year the loan is repaid in full.

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
17. Vehicle loan		
Less than 1 year	111,264	111,264
More than 1 year	70,668	164,458
	<u>181,932</u>	<u>275,722</u>

18. Due to related parties

Zuari Infracore India Limited, Subsidiary of ultimate parent company @	251,413	254,082
Zuari Infra Middle East Limited, Step down subsidiary of parent Company #	294,906,564	99,521,970
	<u>295,157,977</u>	<u>99,776,052</u>

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

Due to related parties (cont'd)

This represents 12.5 to 15% (previous year 15%) per annum interest bearing funds advanced by the step down subsidiary of parent company to meet with the company's project development costs without any fixed repayment schedule.

@ Represents payable for guarantee commission charges.

	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
19. Staff end of service gratuity		
As at 1 April	324,916	229,147
Provision created during the year	66,522	61,469
Transfer from a related party	-	53,060
Payment made during the year	-	<u>(18,760)</u>
As at 31 March @	<u>391,438</u>	<u>324,916</u>
@ Includes AED 262,777 (previous year AED 222,877) payable to a related party.		
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
20. Share capital		
Authorized, issued and paid up:		
300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
21. Revenue from contract with customer		
This represents management fees on account of property development agreement entered with subsidiary of Joint venture entity. (Refer note 12).		
22. Facility management and development advisory fee		
During the year, effective 1 October 2023, the company has entered into facility arrangement and advisory fees agreement for a lumpsum fee with the subsidiary of ultimate parent company.		
23. Staff salaries and benefits		
In the previous year, they are stated net of amount charged to development work in progress.		
24. Rent		
In the previous year, lease rent is charged to development work in progress.		
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
25. Finance costs		
Interest on bank loan @	530,057	(2,919,727)
Interest on unsecured loans	1,836,395	1,006,007
Interest on loan from parent company	30,580,605	9,916,708
Loan processing fees and other charges	<u>1,541,343</u>	<u>7,277,112</u>
	<u>34,488,400</u>	<u>15,280,100</u>
Charged to development work in progress	-	<u>(15,259,313)</u>
	<u>34,488,400</u>	<u>20,787</u>

@ Net of reversal of facility fees of AED 9,182,000 and interest rate swaps of AED 2,170,448 in previous year.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

26. Related party transactions and balances

The company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard-24: Related Party Disclosures. The related parties with whom the company had significant transactions during the year and have year-end balances are as under:

Ultimate parent company

Zuari Industries Ltd, India

Subsidiary of ultimate parent company

Zuari Infraworld India Limited, India

Step down subsidiary of ultimate parent company and the parent company

Zuari Infra Middle East Limited, U.A.E.

Related party of ultimate parent company

Indian Furniture Products Limited. U.A.E.
 Adventz Trading DMCC , U.A.E.
 Acument insight DMCC, U.A.E.
 New Eros Trade Com Limited , India
 Globalware Trading & Holdings Ltd, U.A.E.
(Wholly owned by Mr. Akshay Poddar)

Joint venture

Burj District Development Ltd, Cayman Islands

Party to joint venture

East & West International Group – Sole Proprietorship L.L.C., U.A.E.

Subsidiary of joint venture

Burj District One Limited, U.A.E.

Key managerial personnels

Vinay Varma
 Akshay Poddar
 Alok Banerjee
 Venkatesan Subramanian

The significant transactions with related parties during the year were as under:

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

Related party transactions and balances (cont'd)

		Joint venture AED Dr/(Cr)	Subsidiary of UPC AED Dr/(Cr)	Step down subsidiary of UPC AED Dr/(Cr)	Subsidiary of joint venture AED Dr/(Cr)	Key Managerial personnels AED Dr/(Cr)	Related party of UPC AED Dr/(Cr)	Total AED Dr/(Cr)
Transactions:								
Interest expenses	2024	-	-	30,580,605	-	672,070	327,595	31,580,270
	2023	-	-	9,916,708	-	-	281,428	10,198,136
Facility Management and Development Advisory Fee	2024	-	8,000,000	-	-	-	-	8,000,000
	2023	-	-	-	-	-	-	-
Business facilitation fees	2024	-	-	-	-	-	100,000	100,000
	2023	-	-	-	-	-	-	-
Revenue from contract with customer	2024	-	-	-	(5,241,935)	-	-	(5,241,935)
	2023	-	-	-	-	-	-	-
Managerial remuneration and expenses	2024	-	-	-	-	690,000	-	690,000
	2023	-	-	-	-	182,943	-	182,943
Salary and benefits	2024	-	-	-	-	345,600	-	345,600
	2023	-	-	-	-	316,800	-	316,800
Share of loss from a joint venture entity	2024	52,942	-	-	-	-	-	52,942
	2023	-	-	-	-	-	-	-
Staff end of service gratuity	2024	-	-	-	-	39,900	-	39,900
	2023	-	-	-	-	42,433	53,060	95,493
Contract liabilities	2024	-	-	-	(178,238,897)	-	-	(178,238,897)
	2023	-	-	-	(113,170,206)	-	-	(113,170,206)

The company receives funds from and provide to with or without interest from/to related parties as and when required to meet with its project funding requirements.

The related parties have given corporate guarantee in favor of bank against facilities availed by the company. At the date of statement of financial position, balances with related parties were as follows:

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

Related party transactions and balances (cont'd)

		<i>Subsidiary OF UPC AED Dr/(Cr)</i>	<i>Step down subsidiary of UPC AED Dr/(Cr)</i>	<i>Related party of UPC AED Dr/(Cr)</i>	<i>Party to joint venture AED Dr/(Cr)</i>	<i>Subsidiary of joint venture AED Dr/(Cr)</i>	<i>Key Managerial personnels AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
Balances :								
Advance against project development	2024	-	-	-	-	-	-	-
	2023	-	-	-	21,450,000	-	-	21,450,000
Investment	2024	-	-	-	-	305,193,997	-	305,193,997
	2023	-	-	-	-	-	-	-
Account receivable	2024	-	-	-	-	2,612,097	-	2,612,097
	2023	-	-	-	-	-	-	-
Interest payable	2024	-	-	(609,024)	-	-	(672,070)	(1,281,094)
	2023	-	-	(281,428)	-	-	-	(281,428)
Salaries payable	2024	-	-	-	-	-	(86,300)	(86,300)
	2023	-	-	-	-	-	-	-
Directors remuneration payable	2024	-	-	-	-	-	(1,200,000)	(1,200,000)
	2023	-	-	-	-	-	-	-
Unsecured loan	2024	-	-	(22,285,005)	-	-	-	(22,285,005)
	2023	-	-	(23,785,005)	-	-	-	(23,785,005)
Escrow & restricted accounts	2024	-	-	-	-	286,549,967	-	286,549,967
	2023	-	-	-	-	113,155,968	-	113,155,968
Contract liabilities	2024	-	-	-	-	(291,409,103)	-	(291,409,103)
	2023	-	-	-	-	(113,170,206)	-	(113,170,206)
Funding balance	2024	(251,413)	(294,906,564)	-	-	-	-	(295,157,977)
	2023	(254,082)	(99,521,970)	-	-	-	-	(99,776,052)
Management fees	2024	-	(9,740,000)	-	-	-	-	(9,740,000)
	2023	-	(9,740,000)	-	-	-	-	(9,740,000)
Business facilitation fees	2024	-	-	(105,000)	-	-	-	(105,000)
	2023	-	-	-	-	-	-	-
Facility and advisory fees	2024	(8,000,000)	-	-	-	-	-	(8,000,000)
	2023	-	-	-	-	-	-	-
Staff end of service gratuity	2024	-	-	-	-	-	(262,777)	(262,777)
	2023	-	-	-	-	-	(222,877)	(222,877)

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2024

27. Capital risk management

The primary objective of the company capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize partner's value. The company manages its capital structure and make adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 March 2024. Capital comprises share capital in cash and kind (which is not measured) and accumulated losses and is measured at deficiency of asset of AED 46,388,723 as at 31 March 2024 (*previous year deficiency of asset of AED 6,402,606*).

28. Financial instruments: Credit, liquidity and market risk exposure

Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of account and other receivables and bank balance in current and escrow accounts. The company's bank balance in current and restricted escrow accounts is placed with a high credit quality financial institution. There are no significant concentrations of credit risk from receivables outside the industry in which the company operates. Due from related parties are not perceived as credit risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the management and parent companies who ensures that sufficient funds are made available to the company to meet its commitments as they fall due.

Although short term payables are perceived as a liquidity risk, adequate steps are taken by the management and the parent companies to timely meet with the funding requirements.

The following are the contractual maturities of the company's financial liabilities as of 31 March 2024:

	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Payable within 1 to 5 years AED</i>
Accruals and other payables	25,325,021	7,585,021	17,740,000
Unsecured loans	33,760,312	-	33,760,312
Vehicle loan	181,932	111,264	70,668
Due to related parties	295,157,977	251,413	294,906,564
Staff end of service gratuity	391,438	-	391,438
	<u>354,816,680</u>	<u>7,947,698</u>	<u>346,868,982</u>

Market risk

Market risk is a risk that changes in market prices, such as interest rate risk and currency risk, will affect the company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loan from a parent company, vehicle loan and unrelated parties are at fixed rate of interest.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2024****Financial instruments: Credit, liquidity and market risk exposure (cont'd)***Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams or US Dollars to which the U.A.E. Dirham rate is fixed.

29. Financial instruments: Fair values

The fair values of the company's financial assets, comprising, account receivable, other receivables and cash and cash equivalents and financial liabilities, comprising, due to related parties, unsecured and vehicle loan, accruals and other payables, are approximate to their carrying values.

30. Contingent liabilities

There were no contingent liabilities outstanding as at the date of the statement of financial position.

31. Capital commitments

- In terms of JV agreement, the company is acting as a custodian /agent of the subsidiary of JV company which is entrusted with the task of project management, supervision and successful development of the said project for an agreed fee.
- All the contracts and their related payments in relation to the above activities are entered into the name of the company.

Consequently, all the commitments regarding ongoing projects are disclosed in the subsidiary of JV company.

32. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassification does not affect the previously reported loss, net assets or equity of the company.

33. Approval of the financial statements

To the best of the knowledge of the management and those charge with governance, the financial statements fairly present, in all material respects, the financial position, financial performance and cash flows of the company as of, and for the year ended 31 March 2024.

The financial statements were approved by the board of directors and authorised Mr. Vinay Varma to sign on behalf of the board on 7 May 2024.